

TENNESSEE REGULATORY AUTHORITY

Pat Miller, Chairman
Deborah Taylor Tate, Director
Sara Kyle, Director
Ron Jones, Director



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460 James Robertson Parkway
Nashville, Tennessee 37243-0505

March 9, 2005

Catherine Wand
Edward S. Quill, Jr.
Swidler Berlin LLP
3000 K Street NW
Suite 300
Washington, DC 20007

Re: Docket No. 05-00048: Joint Petition of MCG Capital Corporation, IDS Telcom Corp., and IDS Telcom, LLC for Authority to Complete an Assignment of Authority to Provide Competitive Services and Sale of Customer Base and Other Assets

Dear Ms Wang and Mr. Quill:

In order to more fully analyze the above-referenced transaction between MCG Capital Corporation, IDS Telcom Corp., and IDS Telcom, LLC, the Staff of the Tennessee Regulatory Authority requires additional information. Please provide your responses by March 14, 2005.

1. Provide the most current audited financial statements for IDS Telcom Corp. and projected balance sheet of IDS Telcom Corp. or its successor at the consummation of the transaction.
2. Provide a copy of the surety bond as required by TCA §65-4-125 with the new corporate name IDS Telcom, LLC.
3. The TRA requires a customer notice letter when a company changes its corporate name. Please provide a customer notice letter compliant with the TRA rules.
4. Indicate the number of customers that IDS Telcom Corp. currently has in Tennessee.

If you have any questions, please email Jerry Kettles at jerry.kettles@state.tn.us. Please provide 13 copies in addition to your original:

Ms Sharla Dillon, Docket Room Manager
460 James Robertson Parkway
Nashville, TN 37243-0505

Sincerely,


Aster Adams, Chief

Competitive Markets & Policy Division

C: Mr. Pat Miller, Chairman
Ms. Sharla Dillon, Docket Room Manager

Attachment TRA Rule 1220-4-2- 56(2)(d)

(Rule 1220-4-2- 56, continued)

- (vi) An explanation of what services (i.e. local, intraLATA, and/or interLATA) are about to be changed and the approximate time frame in which the change will occur,
 - (vii) A statement whether the end user authorizes the change of carrier for the particular service to the telecommunications service provider, and
 - (viii) A statement at the end of the conversation confirming that a request will or will not be submitted to the end user's LEC to change his or her preferred local exchange service provider, PIC, or LPIC
- 2 The compensation paid to the qualified and independent third party verifier cannot be based upon a commission for successful conversions.
 - 3 A clear distinction is required between the telemarketing solicitation and the independent third party verification process. In order to ensure this division of labor, the following condition is required.
 - (i) No telemarketer shall participate in, or listen to an independent third party verification call to an end user to confirm the end user's authorization to switch service
 - 4 A copy of the third party verification script shall be provided to the Authority upon request of the Consumer Services Division
- (d) In the case of a transfer of a customer base between two or more telecommunications service providers, the Authority, upon petition by the acquiring telecommunications service provider, may deem that sufficient notice has been given and approval received from the affected customers when the following criteria are met:
- 1 The acquiring telecommunications service provider shall provide the Authority a copy of the self-certification letter it shall file with the Federal Communications Commission ("FCC"), as required in CC Docket No. 00-257, certifying that the customer transfer is in compliance with all FCC regulations governing such transactions
 - 2 A notification letter, pre-approved by the Authority, shall be mailed by U.S. First Class Postage by the telecommunications service provider being acquired to its customers describing the customer transfer and explaining that the customers' local or long distance service will be transferred to the acquiring telecommunications service provider by a certain date unless the customer selects another telecommunications service provider. This customer notification shall be mailed to the customers no less than thirty (30) days prior to the actual customer transfer. The notification letter required by the FCC may be used for the notification purposes of this part. The Authority may waive the thirty (30) day notice requirement of this part for good cause shown.
 - 3 The acquiring telecommunications service provider agrees to pay any fees charged to the customer associated with changing service to the acquiring telecommunications service provider. The notification letter required in 1220-4-2- 56(2)(d)(2) shall inform the customer of this provision.
 - 4 The acquiring telecommunications service provider agrees to provide to the affected customers a thirty (30) day written notice of any rate increase that may affect their service up to ninety (90) days from the date of the transfer of customers. The notification letter mentioned in 1220-4-2- 56(2)(d)(2) shall inform the customer of this provision.